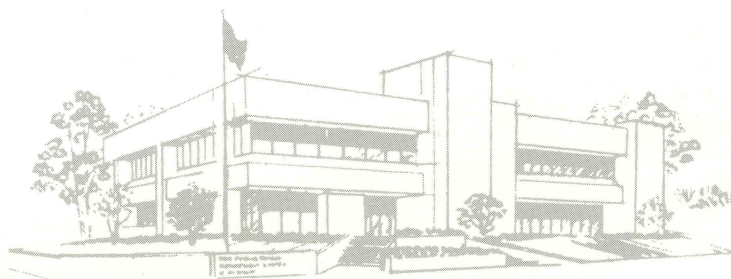


# 1988 Annual Financial Report

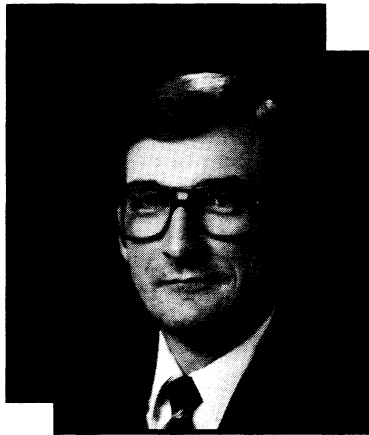
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MISSOURI DEPOSITORY

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Non-Teacher School Employee  
Retirement System of Missouri







Bill M. Brent  
*Chairman*

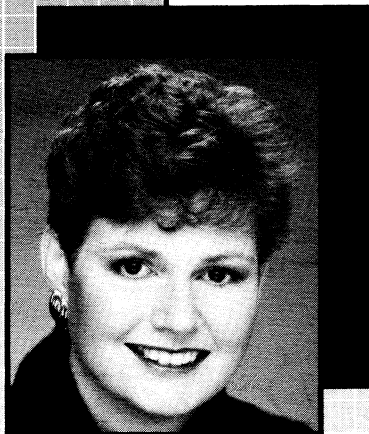


H. Kenneth Kirchner

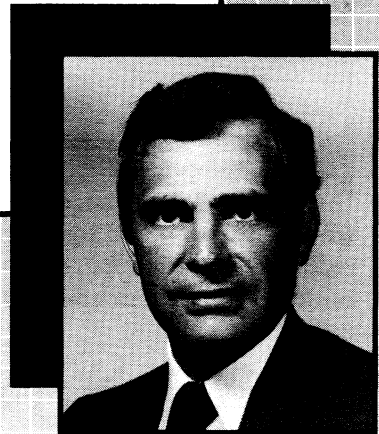


Dalton Ham

*Board  
of  
Trustees*



Laurel S. Cochennet



Robert E. Bartman  
*Ex officio*





# THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI

DAVID W. MUSTOE  
EXECUTIVE SECRETARY

ROBERT W. RUST  
ADMINISTRATOR

JOEL M. WALTERS  
ASST. EXECUTIVE SECRETARY

To the Membership:

On June 30, 1988, the retirement system closed out its 23rd year of operation. This report recaps the activities of 1987-88 and sets forth data on assets, benefits, membership and retirees.

The decline in interest rates of recent years continued to be reflected in the earnings on system funds. Income was earned at an annualized rate of 9.75% in 1987-88, down from the 10.18% rate of last year. Realized capital gain on sales and redemption of securities increased the total earnings rate for the year to 10.69%, as compared to a 1986-87 figure of 10.85%.

The stock market plunge of October 19, 1987, in which the Dow Jones Industrial Average dropped more than 500 points, affected the investment performance adversely. However, due to the relatively small percentage of retirement system funds invested — about 10% at cost — in common stocks, the market drop did not impact this system strongly. Also, since the system did not sell stocks as a result of the crash, the only loss realized was a "paper" one. Further, our stocks have in fact regained most of their market value lost in 1987.

Investment fees for the year amounted to over \$94,000, up from the total 1986-87 figure of \$83,708. These fees included all investment costs — actual investment transactions, custody and safekeeping, and consultant expense.

Unfunded liabilities of the system increased significantly, from over \$43 million in 1987 to over \$51 million in 1988, resulting in an increase in the period of amortization of that debt from 19 years in 1987 to 27 years this year. This change was due in part to a reduction in the vesting period from 10 years to 5 years, from recognition of the costs involved with implementing the "30 and out" program, and changes in procedures for granting creditable service.

A total of 2,700 memberships were terminated in 1987-88 by reason of retirement, withdrawal, or death. The net active membership increased from 26,844 in 1987 to 28,009 in 1988.

As of June 30, 1988, 7,474 individuals were receiving monthly service retirement or disability retirement checks from the retirement system. Total monthly benefits for the year amounted to more than \$8 million.

The report which follows contains a great deal of information about the operation of the retirement system. We urge you to spend some time studying the report, and to let us know of any questions or comments you may have. It is *your* retirement system. Please help us make it work for you, by keeping yourself informed and concerned about the System.

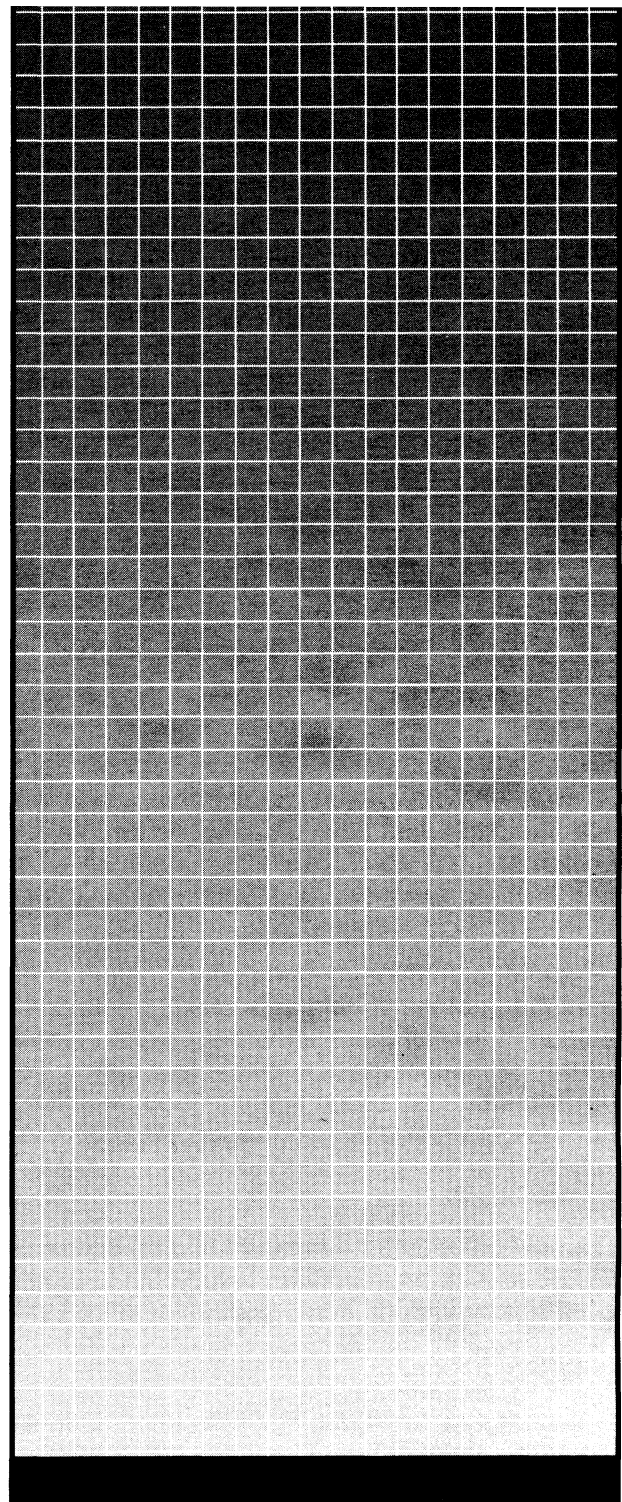
David W. Mustoe  
Executive Secretary

OFFICE LOCATION  
701 W. Main Street

MAILING ADDRESS  
P.O. Box 268, Jefferson City, MO 65102

TELEPHONE  
314-751-3414





# *Financial Statements*









**Baird,  
Kurtz &  
Dobson**

Certified  
Public  
Accountants

The Board of Trustees  
The Non-Teacher School Employee  
Retirement System of Missouri  
Jefferson City, Missouri

We have audited the accompanying statements of net assets available for benefits of THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI as of June 30, 1988 and 1987, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Retirement System's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of THE NON-TEACHER SCHOOL EMPLOYEE RETIREMENT SYSTEM OF MISSOURI as of June 30, 1988 and 1987, and the changes in net assets available for benefits for the years then ended, in conformity with generally accepted accounting principles.

The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Baird, Kurtz & Dobson

October 7, 1988





## Statements of Financial Position

### ASSETS

	June 30	
	1988	1987
<b>Cash:</b>		
*Custodian Account .....	\$ 18,278.11	\$ 9,985.99
Operating Account .....	25,543.11	26,007.88
Total Cash .....	<u>\$ 43,821.22</u>	<u>\$ 35,993.87</u>
<b>Investments:</b>		
Corporate Bonds .....	\$ 140,760,266.84	\$ 115,919,442.61
U.S. Government Bonds .....	20,052,404.97	20,056,402.57
U.S. Government Securities — Zero Coupon .....	16,345,573.45	13,709,062.06
GNMA Mortgage Loans .....	56,015,050.24	44,669,475.07
**Common Stock .....	29,795,165.65	26,204,227.94
Temporary Investments .....	30,826,168.32	33,222,757.98
Total Investments .....	<u>\$ 293,794,629.47</u>	<u>\$ 253,781,368.23</u>
<b>Accrued Income:</b>		
Contributions Receivable .....	\$ 1,818,000.00	\$ 1,420,000.00
Dividends on Common Stock .....	107,191.42	108,155.40
Interest on GNMA Loans .....	239,853.53	199,789.67
Interest on Securities — Bonds .....	3,898,990.99	3,412,154.20
Interest on Temporary Investments .....	103,634.55	78,934.08
Total Accrued Income .....	<u>\$ 6,167,670.49</u>	<u>\$ 5,219,033.35</u>
<b>Total Assets</b> .....	<u><u>\$ 300,006,121.18</u></u>	<u><u>\$ 259,036,395.45</u></u>

\*Included funds-in-transit of \$7,109.41 and \$2,236.10

\*\*Market value of stocks \$50,642,205.00 and \$53,987,114.00

### LIABILITIES AND RESERVES

<b>Member Accounts:</b>		
Accumulated Contributions of Members .....	\$ 77,341,544.17	\$ 67,222,053.28
*Accumulated Contributions of Terminated Members .....	201,692.57	167,848.03
Reinstatements — Partial Payments .....	8,352.69	1,523.72
Total Member Accounts .....	<u>\$ 77,551,589.43</u>	<u>\$ 67,391,425.03</u>
<b>Reserves:</b>		
Reserve for Operating Expenses and Benefits to		
Future Retirees .....	\$ 135,504,155.61	\$ 114,898,584.28
Contingent Reserve for Investments .....	2,313,115.14	2,313,115.14
Reserve for Benefits to Present Retirees .....	84,637,261.00	74,433,271.00
Total Reserves .....	<u>\$ 222,454,531.75</u>	<u>\$ 191,644,970.42</u>
<b>Total Liabilities and Reserves</b> .....	<u><u>\$ 300,006,121.18</u></u>	<u><u>\$ 259,036,395.45</u></u>

See Notes to Financial Statements

\*Combined contributions of Deaths not Processed and Terminations.



**The Non-Teacher School Employee  
Retirement System of Missouri**

**Statements of Changes in Net Assets Available for Benefits**

**Years Ended June 30, 1988 and 1987**

	Member Accounts June 30		Reserve for to Present June
	1988	1987	1988
<b>Sources of Net Assets</b>			
Contributions of employers and members — net of refunds .....	\$ 11,997,633	\$ 11,030,300	
Investment income .....			
Gain from sales of investments .....			
Other .....			
	<u>\$ 11,997,633</u>	<u>\$ 11,030,300</u>	
<b>Application of Net Assets</b>			
Member withdrawals and refunds .....	2,664,787	2,555,695	
Member terminations and deaths paid .....	135,233	197,368	
Operating expenses .....			\$ 8,072,704
Benefits paid .....			\$ 8,072,704
	<u>\$ 2,800,020</u>	<u>\$ 2,753,063</u>	
<b>Transfers and Adjustments</b>			
Accumulated contributions of retirees and beneficiaries .....	(2,755,060)	(3,291,391)	2,755,060
Interest credited to member accounts .....	3,718,706	3,201,496	
Present value of reserve for benefits to present retirees .....			15,521,634
Gains on sales of investments			
Other .....	(1,095)	(3,210)	
	<u>\$ 962,551</u>	<u>\$ (93,105)</u>	<u>18,276,694</u>
<b>Increase in Net Assets .....</b>	<b>\$ 10,160,164</b>	<b>\$ 8,184,132</b>	<b>\$ 10,203,990</b>
<b>Net Assets Available for Benefits</b>			
Beginning of year .....	<u>\$ 67,391,425</u>	<u>\$ 59,207,293</u>	<u>\$ 74,433,271</u>
End of year .....	<u>\$ 77,551,589</u>	<u>\$ 67,391,425</u>	<u>\$ 84,637,261</u>

See Notes to Financial Statements

Benefits Retirees 30	Contingent Reserve for Investments June 30		Reserve for Operating Expenses and Benefits to Future Retirees June 30	
	1988	1987	1988	1987
1987				
			\$ 11,943,346	\$ 10,976,968
			25,893,555	23,202,675
			2,501,430	1,588,314
			45,503	12,088
			<u>\$ 40,383,834</u>	<u>\$ 35,780,045</u>
\$ 6,878,113			537,831	500,469
<u>\$ 6,878,113</u>			<u>\$ 537,831</u>	<u>\$ 500,469</u>
3,291,391				
			(3,718,706)	(3,201,496)
16,946,201			(15,521,634)	(16,946,201)
		69,940		(69,940)
			(91)	(107)
<u>20,237,592</u>		<u>\$ 69,940</u>	<u>\$ (19,240,431)</u>	<u>(20,217,744)</u>
\$ 13,359,479		\$ 69,940	\$ 20,605,572	\$ 15,061,832
	\$ 2,313,115	<u>\$ 2,243,175</u>	<u>\$ 114,898,584</u>	<u>\$ 99,836,752</u>
\$ 61,073,792	<u>\$ 2,313,115</u>	<u>\$ 2,313,115</u>	<u>\$ 135,504,156</u>	<u>\$ 114,898,584</u>
<u>\$ 74,433,271</u>				

## Notes to Financial Statements

### June 30, 1988 and 1987

#### Note 1. Description of Plan

The Non-Teacher School Employee Retirement System of Missouri is a cost-sharing multiple employer mandatory retirement system for substantially all public school employees who work 20 or more hours per week on a regular basis and who are not members of The Public School Retirement System. The System was established by an Act of the Missouri Legislature effective November 1, 1965. Retirement benefits are based on years of service and salary. The contributions are paid to the System by the employee and the employer at a rate set annually by the Board of Trustees but not to exceed three percent prior to July 1, 1982, and four and one-half percent subsequent to that date as set by law. The rate for 1988 and 1987 was set at four percent each for the employee and employer. As of June 30, 1987, the latest actuarial valuation date, the System had 552 contributing employers and membership consisted of 34,078 individuals as follows:

Retirees and beneficiaries	
currently receiving benefits	7,234
Inactive vested members not yet receiving benefits	260
Active members	
Fully vested	6,411
Non-vested	<u>18,516</u>
Total active members	24,927
Other inactive members	<u>1,657</u>
	<u><u>34,078</u></u>

Members are eligible for retirement at age 60 if sixty or more months of creditable service have been established with the Retirement System.

Members with ten or more years of creditable service in Missouri are vested; that is, their rights to benefits at retirement age are established even if they leave the public schools.

The employees' contributions (not including the employers' contributions) are credited to their individual accounts with yearly interest on the contributions credited at a rate set by the Board of Trustees. The rate for 1988 and 1987 was six percent.

The plan also provides for various methods of withdrawals, terminations, reinstatement, disability, death benefits, and retirement benefit options.

Refer to the booklet printed by the System for additional information on the plan.

#### Note 2. Summary of Significant Accounting Policies and Plan Asset Matters

##### Valuation of Investments

Marketable securities are stated at cost or amortized cost and mortgage loans are shown at their unpaid principal balances. Refer to Note 5 for estimated market values of investments.

Bond premiums and discounts are charged to investment income over the life of the bond based on the effective interest rate method.

##### Contingent Reserve for Investments

At the discretion of the Board of Trustees, certain net gains or losses from the sales of investments are transferred to the contingent reserve for investments. Such transfers amounted to a credit to the reserve (representing stock and bond gains) of \$69,940 in 1987. Any net bond losses are charged to operations at the rate of five percent per year in the cumulative balance. There were no net losses in the contingent reserve in 1988 or 1987.

##### Rental Allowance

The Retirement System received building space, equipment, and services from The Public School Retirement System at a cost of \$90,000 in 1988 and 1987.

#### Note 3. Plan Benefits

##### Funding Status and Progress

The actuarial firm of W. Alfred Hayes and Company estimates the pension benefit obligation. The pension benefit obligation which is the actuarial present value of credited projected benefits, is a standardized disclosure measure of the present value of pension benefits adjusted for the effects of projected salary increases, estimated to be payable in the future as a result of member service to date. This measure is intended to help users of the financial statements to assess the System's funding status on a going-concern basis, assess progress made in accumulating sufficient assets to pay benefits when due, and to make comparisons among different systems. This measure is independent of the actuarial funding method used to determine contributions to the System.

The actuarial valuations are performed as of June 30 each year, the latest being June 30, 1987. Significant actuarial assumptions which have been used are as follows:

Rate of Return on Invested Assets

8% per annum compounded

Projected Salary Increases

Rates varying by age, from 9% per year to 6% per year

Mortality

In accordance with 1983 Group Annuity Mortality Table, set back one year for males and females

As of June 30, 1987, the unfunded pension benefit obligation and net assets consisted of the following components (dollar figures in thousands):

Retirees and Beneficiaries	\$ 74,433
Inactive Vested Members	2,930
Current Members	
Accumulated employee contributions	65,030
Employer-financed vested	92,535
Employer-financed nonvested	46,460
Other Inactive Members	<u>897</u>
Total Pension Benefit Obligation	282,285
Net Assets Available for Benefits, At Cost	<u>259,036</u>
Unfunded Pension Benefit Obligation	<u><u>\$ 23,249</u></u>



#### Note 4. Contribution Required and Contribution Made

The System's funding policy is to have contributions sufficient to amortize the unfunded prior service liability over thirty years as a maximum. As described in Note 1, the System's contribution requirement is limited by law. The System's actuary was consulted, and their recommendation was considered by the Board of Trustees in setting the contribution rate. Contributions for 1987 totaled \$10,993,000 (4.0% of covered payroll) for both employers and employees

and consisted of normal cost and amortization of prior service cost. The actuary has determined that the 1987 contribution satisfied the contribution requirement.

#### Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Historical trend information may be found in the supplementary information accompanying these financial statements.

#### Note 5: Investments

The System's securities are held in the name of the System in safekeeping by a bank acting as agent for the Retirement System. The amortized cost and market values for the investments with readily ascertainable market values are as follows for 1988 and 1987:

	1988	
	Amortized Cost	Fair Value
Corporate and governmental bonds .....	\$ 153,995,110	\$ 154,194,343
Common and preferred stock .....	29,795,166	50,642,205
GNMA mortgage loans .....	56,015,050	57,800,618
Zero coupon bonds .....	16,345,573	24,813,563
	<u>\$ 256,150,899</u>	<u>\$ 287,450,729</u>

	1987	
	Amortized Cost	Fair Value
Corporate and governmental bonds .....	\$ 123,328,918	\$ 131,424,737
Common and preferred stock .....	26,204,228	53,987,114
GNMA mortgage loans .....	44,669,475	47,296,746
Zero coupon bonds .....	13,709,062	22,035,358
	<u>\$ 212,911,683</u>	<u>\$ 254,743,955</u>

Corporate bonds with an amortized cost of \$6,817,562 in 1988 and \$7,646,927 in 1987, do not have readily ascertainable market values. Market values are also not available on commercial discount notes.

The realized gains and losses for 1988 and 1987 are as follows:

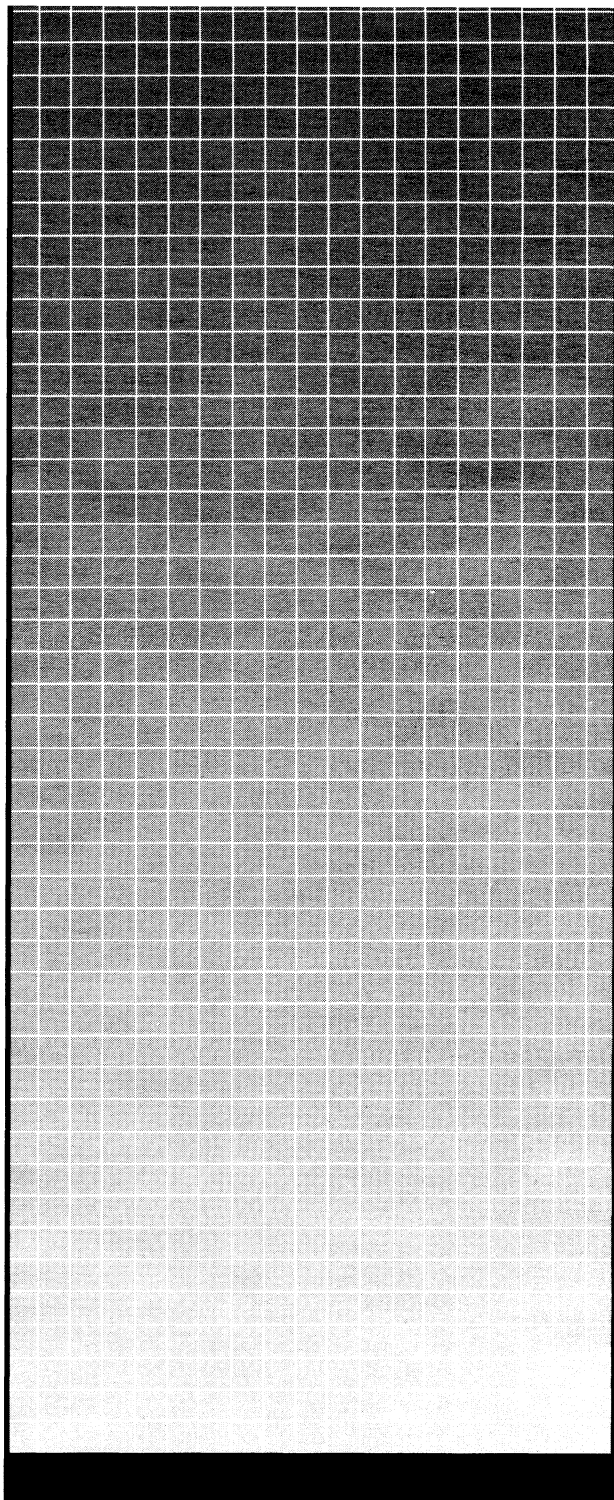
	1988	1987
Corporate stock .....	\$ 1,989,601	\$ 69,940
Corporate bonds .....	511,829	1,518,374
	<u>\$ 2,501,430</u>	<u>\$ 1,588,314</u>

Marketable securities are by their nature subject to fluctuation in value depending on market conditions at any given point in time. Consequently, the market values of the System's investments subsequent to June 30, 1988, may vary significantly from those shown at June 30, 1988.

At June 30, 1988, the System had total bank balances of \$33,933 (which were covered by Federal depository insurance) and repurchase agreements in the amount of \$1,016,378. At June 30, 1988, bank balances and repurchase agreements were collateralized by U.S. Government securities subject to safekeeping statements issued by the custodial financial institution which was not the pledging institution. The total amount of securities pledged carried a face value of \$1,313,604 which did not have readily ascertainable market values. No attorney's opinion has been obtained regarding the enforceability of claims which might arise under the custodial agreements.

## Statements of Cash Receipts and Disbursements

	June 30	
	1988	1987
<b>RECEIPTS:</b>		
<b>Contributions</b> .....	\$ 23,528,523.18	\$ 21,904,043.95
<b>Investment Receipts:</b>		
Interest — Corp. & Gov't. Sec. ....	\$ 14,616,405.35	\$ 12,159,780.05
Interest — GNMA Mortgage Loans .....	5,256,709.88	5,727,262.85
Interest — Temporary Investments .....	2,280,496.82	1,388,616.16
Dividends — Common Stock .....	1,550,148.86	1,282,106.81
Total Investment Receipts .....	\$ 23,703,760.91	\$ 20,557,765.87
<b>Principal Receipts:</b>		
Corp. & Gov't. Securities .....	\$ 7,835,809.91	\$ 18,975,083.38
GNMA Loans .....	6,208,011.07	15,354,004.78
Common Stock .....	2,826,787.35	176,877.06
Temporary Investments .....	250,766,987.75	240,131,770.19
Total Principal Receipts .....	\$ 267,637,596.08	\$ 274,637,735.41
<b>Miscellaneous Receipts</b> .....	\$ 41,906.94	\$ 40,158.50
<b>Total Receipts</b> .....	\$ 314,911,787.11	\$ 317,139,703.73
<b>DISBURSEMENTS:</b>		
<b>Investment Purchases:</b>		
Securities — Corp. & Gov't. ....	\$ 32,007,693.33	\$ 39,517,260.00
U.S. Gov't. Sec. — Zero Coupon .....	830,412.00	----
GNMA Mortgage Loans .....	17,352,593.58	6,425,937.50
Common Stock .....	4,428,123.56	3,959,431.25
Temporary Investments .....	248,349,038.36	256,846,131.64
Accrued Interest .....	512,300.25	250,153.49
Total Investment Purchases .....	\$ 303,480,161.08	\$ 306,998,913.88
<b>Benefit Payments:</b>		
Service Retirement .....	\$ 7,745,329.89	\$ 6,631,502.80
Disability Retirement .....	144,417.49	119,328.16
Beneficiary Allowances .....	139,511.00	100,746.76
Total Benefit Payments .....	\$ 8,029,258.38	\$ 6,851,577.72
<b>Withdrawals and Refunds</b> .....	\$ 2,856,709.13	\$ 2,789,262.84
<b>Operating Expenses:</b>		
Personal Services .....	\$ 227,781.01	\$ 200,155.37
Investment Fees .....	94,133.41	83,708.53
Actuarial Fees .....	32,485.00	19,100.00
Audit Fees .....	3,000.00	2,990.00
Printing .....	4,448.95	2,500.03
Postage .....	35,894.26	41,125.15
Staff Field Expense .....	5,537.25	3,490.26
Info & Publicity Exp. ....	32,770.64	46,135.94
Election Expense .....	----	----
Office Equip. Rental/Maint. ....	1,338.16	1,136.42
Office Space Rental & Sers. ....	90,000.00	90,000.00
Equipment Purchases .....	2,283.63	3,780.14
Office Supplies .....	6,932.36	5,000.13
Medical Exams — Disability .....	1,068.50	115.50
Fiduciary Expense .....	----	----
Miscellaneous .....	158.00	1,231.04
Total Operating Expenses .....	\$ 537,831.17	\$ 500,468.51
<b>Total Disbursements</b> .....	\$ 314,903,959.76	\$ 317,140,222.95
<b>Excess (Deficiency) Cash Receipts</b>		
Over Cash Disbursements .....	\$ 7,827.35	\$ (519.22)
<b>Cash Balances, Beg. of Year</b> .....	\$ 35,993.87	\$ 36,513.09
<b>Cash Balances, End of Year</b> .....	\$ 43,821.22	\$ 35,993.87



*Investments*





# Investment Report

## Investment Agent

Boatmen's National Bank of St. Louis was the sole Investment Agent of the The Non-Teacher School Employee Retirement System of Missouri through June 30, 1988, the date of this report. The Investment Agent has discretionary authority to invest the funds of the System in those securities authorized by the Board of Trustees, and within limitations set by the Board. The Investment Agent is also responsible for safekeeping of securities, execution of all investment transactions, and receipt and transmittal to the retirement office of all investment principal and interest payments. There is no "in-house" investing done directly by the retirement office; all funds are invested by the Investment Agent.

The Agent furnishes a complete investment report to the Board of Trustees every six months and interim reports at bi-monthly Board meetings.

## Investment Objectives

The basic objective of a sound retirement system is to accumulate sufficient reserves during the working lives of its members to ensure payment of benefits upon retirement. The return earned from the investment of these reserves is one of the most influential variables used by the actuary in determining the financial soundness of the Retirement System. It has always been the policy of the Board of Trustees to establish the highest earnings assumption consistent with projected returns in order to fund benefits at the least cost to the members and employers. The System's earnings assumption is under constant review and reappraisal and has been satisfied in each year of the System's 23-year history.

## Investment Performance Review

During the past fiscal year, the System's fixed income securities outperformed the Shearson Lehman Govt./Corp. Index by 60 basis points (8.1% versus 7.5%), its equities outperformed the S&P 500 by 10 basis points (-6.9% versus -7.0%), and its temporary investments showed a return 90 basis points in excess of the return on Treasury Bills (7.2% versus 6.3%). The System's total portfolio of marketable securities showed a return of 5.6%.

For the five-year period ended June 30, 1988, the System's fixed income securities have outperformed the Shearson Lehman Index by 380 basis points annually (14.3% versus 12.2%), its equities have underperformed the S&P 500 by 70 basis points annually (13.8% versus 14.5%), and its temporary investments have shown an annual return of 70 basis points in excess of the return on Treasury Bills (8.3% versus 7.6%). For this five-year period, the System's total portfolio of marketable securities has shown an annual return of 13.5%.

For the ten-year period ending June 30, 1988, the System's fixed income securities have had an annual return of 10.3%, slightly less than the 10.5% return on the Salomon Brothers High Grade Corporate Bond Index which has an average maturity of approximately 22 years, and below the return of 10.8% on the Shearson Lehman Govt./Corp. Bond Index which has a shorter average maturity of 9.6 years. The System's portfolio of Government and publicly-held corporate bonds has an average maturity of 22.1 years, its GNMA's 27 years, and its Zero Coupon Government Certificates 14 years. For the ten-year period ending June 30, 1988, the System's equities have outperformed the S&P 500 by 30 basis points annually (16.6% versus 16.3%), and its temporary investments have shown an annual return of 150 basis points in excess of the return on Treasury Bills (11.1% versus 9.6%).

## Satisfaction of Actuarial Earnings Assumption

The System's earnings assumption has been satisfied in each year of its 23-year history, and by a widening margin in recent years despite the latest increases in the assumption from 6% to 7% in 1977 and 8% in 1981. The System's actuarial reports for the fiscal years ending June 30, 1981, through June 30, 1986, showed cumulative investment earnings in excess of the assumption of \$13.8 million. The past fiscal year's income return on average invested assets at cost was 9.42% and showed earnings in excess of the assumption of \$6.0 million. These excess marginal returns lend assurance of continued satisfaction of the assumption in the event of the declining interest rates and do not require realized gains on sales of securities to meet the assumption in future years.

## Schedules of Investment Income

Years Ended June 30, 1988 and 1987

	1988	1987
<b>Corporate and Government Bonds</b>		
Interest received .....	\$ 14,616,405	\$ 12,159,780
Add:		
Accrued interest, end of year .....	3,898,990	3,412,154
Accretion of discount .....	165,598	131,632
	<u>18,680,993</u>	<u>15,703,566</u>
Less:		
Accrued interest, beginning of year .....	3,412,154	2,764,482
Accrued interest purchased during year .....	423,789	216,779
Amortization of premium .....	12,483	11,384
Income from corporate and government securities .....	<u>14,832,567</u>	<u>12,710,921</u>
 <b>Zero Coupon Bonds</b>		
Accretion of discount .....	<u>1,806,099</u>	<u>1,575,067</u>
 <b>Common Stock</b>		
Dividends received .....	1,550,149	1,282,107
Add: Accrued dividends, end of year .....	107,191	108,155
	<u>1,657,340</u>	<u>1,390,262</u>
Less: Accrued dividends, beginning of year .....	108,155	85,423
Income from common stocks .....	<u>1,549,185</u>	<u>1,304,839</u>
 <b>GNMA Mortgage Loans</b>		
Interest received .....	5,256,710	5,727,263
Add:		
Accrued interest, end of year .....	239,854	199,790
Accretion of discount .....	200,993	542,332
	<u>5,697,557</u>	<u>6,469,385</u>
Less:		
Accrued interest purchased during year .....	88,511	248,013
Accrued interest, beginning of year .....	199,790	33,375
Income from GNMA Mortgage Loans .....	<u>5,409,256</u>	<u>6,187,997</u>
 <b>Commercial Discount Notes</b>		
Interest received .....	2,271,747	1,381,234
Add: Accrued interest, end of year .....	103,635	78,934
	<u>2,375,382</u>	<u>1,460,168</u>
Less: Accrued interest, beginning of year .....	78,934	43,699
	<u>2,296,448</u>	<u>1,416,469</u>
 <b>Total Investment Income</b> .....	<u>\$ 25,893,555</u>	<u>\$ 23,195,293</u>



## TEMPORARY INVESTMENTS 6/30/88

Par Value	Description	Book Value	Market Value
\$ 647,075	ILA Prime Obligations Fund, NC Variable Interest Note .....	\$ 647,075.00	\$ 647,075
9,942,000	Prime Money Market Fund .....	9,492,000.00	9,492,000
1,000,000	Assos. Corp of No Amer 7.40% DN DTD 6-22-88 Due 7-22-88 .....	993,833.33	993,833
1,000,000	Chicago Hilton Jt Vent 7.35% DN DTD 6-20-88 Due 7-20-88 .....	993,875.00	993,875
1,000,000	Citico 7.35% DN DTD 6-16-88 Due 8-24-88 .....	985,912.50	985,912
2,000,000	Citico 7.375% DN DTD 6-24-88 Due 8-1-88 .....	1,984,430.56	1,984,430
1,000,000	Con Agra Inc 7.40% DN DTD 6-23-87 Due 8-3-87 .....	991,983.33	991,983
1,000,000	Cortez Capital Corp 7.30% DN DTD 6-17-88 Due 7-26-88 .....	992,091.67	992,091
500,000	Dillard Inv't Co 7.45% DN DTD 6-21-88 Due 7-21-88 .....	496,895.83	496,895
1,000,000	Eastman Kodak Co 7.45% DN DTD 6-9-88 Due 9-7-88 .....	981,375.00	981,375
1,000,000	Eastman Kodak Co 7.325% DN DTD 6-15-88 Due 8-17-88 .....	987,181.25	987,181
1,000,000	General Finl Svcs 7.40% DN DTD 6-23-88 Due 9-1-88 .....	985,611.11	985,611
1,000,000	General Elec Capital Corp 7.35% DN DTD 6-15-88 Due 8-17-88 .....	987,137.50	987,137
1,000,000	ITT Credit Corp 7.40% DN DTD 6-22-88 Due 7-22-88 .....	993,833.33	993,833
1,000,000	Pennsylvania Pwr & Lt Energy 7.35% DN DTD 6-3-88 Due 7-18-88 .....	990,812.50	990,812
2,000,000	Pennsylvania Pwr & Lt Energy 7.40% DN DTD 6-24-88 Due 9-1-88 .....	1,971,633.33	1,971,633
1,000,000	Renaissance Energy Co 7.40% DN DTD 6-8-88 Due 7-22-88 .....	990,955.56	990,955
400,000	Renaissance Energy Co 7.40% DN DTD 6-17-88 Due 7-21-88 .....	397,204.44	397,204
1,000,000	Signal Capital Corp 7.35% DN DTD 6-14-88 Due 8-10-88 .....	988,362.50	988,362
1,000,000	Signal Capital Corp 7.35% DN DTD 6-16-88 Due 7-20-88 .....	993,058.33	993,058
1,000,000	USF&G Corp 7.40% DN DTD 6-13-88 Due 8-12-88 .....	987,666.67	987,666
1,000,000	USF&G Corp 7.375% DN DTD 6-17-88 Due 7-20-88 .....	993,239.58	993,239
<b>TOTAL TEMPORARY INVESTMENTS .....</b>		<b>\$ 30,826,168.32</b>	<b>\$ 30,826,168</b>

## U.S. GOVERNMENT SECURITIES 6/30/88

Par Value	Description	Book Value	Market Value
\$ 1,500,000	U.S. Treasury Notes Due 5/15/93 .....	\$ 1,498,555.49	\$ 1,597,965
3,000,000	U.S. Treasury Bonds Due 2/15/01 .....	3,035,458.88	3,633,750
3,000,000	U.S. Treasury Bonds Due 8/15/01 .....	3,142,691.25	4,012,500
750,000	U.S. Treasury Bonds Due 11/15/01 .....	747,104.54	1,143,277
3,000,000	U.S. Treasury Bonds Due 11/15/02 .....	3,092,733.32	3,614,070
1,500,000	U.S. Treasury Bonds Due 2/15/03 .....	1,482,274.09	1,702,965
3,000,000	U.S. Treasury Bonds Due 5/15/03 .....	2,859,340.83	3,406,860
3,500,000	U.S. Treasury Bonds Due 11/15/03 .....	3,472,109.57	4,297,335
750,000	U.S. Treasury Bonds Due 11/15/06 .....	722,137.00	1,069,687
<b>TOTAL U.S. GOVERNMENT .....</b>		<b>\$ 20,052,404.97</b>	<b>\$ 24,478,410</b>

## ZERO COUPON BONDS 6/30/88

Par Value	Description	Book Value	Market Value
<b>TREASURY RECEIPTS</b>			
\$ 4,625,000	Certificate of Accrual Int. Due 5/15/97 — 12.38% .....	\$ 1,457,616.83	\$ 2,063,906
5,000,000	Certificate of Accrual Int. Due 11/15/98 — 12.37% .....	1,388,880.27	1,943,750
4,688,000	Certificate of Accrual Int. Due 8/15/99 — 13.75% .....	1,026,628.41	1,693,540
4,688,000	Certificate of Accrual Int. Due 8/15/00 — 13.75% .....	901,744.28	1,547,040
4,688,000	Certificate of Accrual Int. Due 8/15/01 — 13.75% .....	792,375.56	1,406,400
4,688,000	Certificate of Accrual Int. Due 8/15/02 — 13.75% .....	697,451.53	1,277,480
5,000,000	Certificate of Accrual Int. Due 2/15/98 — 12.50% .....	1,558,227.81	2,081,250
5,000,000	Certificate of Accrual Int. Due 2/15/01 — 12.50% .....	1,098,455.84	1,568,750
3,500,000	Certificate of Accrual Int. Due 2/15/02 — 12.50% .....	675,322.46	997,500
5,000,000	Certificate of Accrual Int. Due 2/15/06 — 12.50% .....	613,330.26	993,750
5,000,000	Certificate of Accrual Int. Due 8/15/06 — 12.50% .....	578,624.71	950,000
10,937,000	Certificate of Accrual Int. Due 11/15/03 — 11.88% .....	1,795,161.22	2,652,222
3,960,000	Certificate of Accrual Int. Due 2/15/99 — 12.00% .....	1,081,598.99	1,499,850
6,600,000	Certificate of Accrual Int. Due 8/15/07 — 12.00% .....	856,416.32	1,130,250
12,500,000	Certificate of Accrual Int. Due 5/15/04 — 12.38% .....	1,823,738.96	3,007,875
<b>TOTAL TREASURY RECEIPTS .....</b>		<b>\$ 16,345,573.45</b>	<b>\$ 24,813,563</b>

## CORPORATE BONDS 6/30/88

Par Value	Description	Book Value	Market Value
<b>PUBLIC UTILITY BONDS</b>			
\$ 50,000	Consolidated Edison Co. NY, Inc. Due 12/15/96 — 5.90% .....	\$ 50,000.00	\$ 40,000
1,000,000	Duke Power Co. Due 2/1/17 — 8.50% .....	989,580.21	858,750
300,000	Duke Power Co. Due 6/1/03 — 7.75% .....	301,321.41	254,250
500,000	Duke Power Co. Due 9/1/07 — 8.12% .....	443,370.45	427,500
1,000,000	FPL Group Cap Inc. Due 6/1/17 — 10.12% .....	972,670.75	992,500
2,500,000	GTE Corp. Due 9/15/17 — 10.75% .....	2,445,426.18	2,590,625
300,000	Georgia Power Co. Due 6/1/03 — 7.87% .....	300,661.88	246,375
100,000	Houston Lighting & Power Co. Due 3/1/17 — 9.00% .....	99,267.46	88,375
500,000	Illinois Power Co. Due 11/1/07 — 8.25% .....	451,043.32	417,500
300,000	Mountain States Telephone & Teleg. Due 6/1/13 — 7.75% .....	300,000.00	245,250
2,500,000	Mountain States Telephone & Teleg. Due 12/15/14 — 9.25% ..	2,133,134.70	2,331,250
2,500,000	New York Tel. Co. Due 3/15/15 — 8.87% .....	2,228,150.00	2,237,500
500,000	Oklahoma Gas & Electric Co. Due 1/1/07 — 8.37% .....	506,908.55	437,500
50,000	Pacific Gas & Electric Co. Due 12/1/98 — 5.75% .....	49,425.40	37,062
300,000	Pacific Telephone & Telegraph Co. Due 6/1/09 — 7.62% .....	300,000.00	241,125
200,000	Public Service Co. Due 10/1/07 — 8.12% .....	178,201.68	163,000
1,000,000	Southern Bell Tel. & Teleg. Co. Due 4/15/16 — 8.25% .....	978,533.86	852,500
1,000,000	Southern California Edison Co. Due 12/1/14 — 12.37% .....	982,784.63	1,131,250
2,000,000	Southern Bell Tel. Co. Due 4/1/17 — 8.25% .....	1,905,289.81	1,720,000
1,000,000	Texas Electric Service Co. Due 12/1/12 — 11.62% .....	993,935.33	1,038,750
1,500,000	Texas New Mexico Pwr. Co. Due 7/1/17 — 10.00% .....	1,492,865.03	1,425,000
50,000	Union Electric Co. Due 5/1/96 — 5.50% .....	50,330.71	38,687
500,000	Union Electric Co. Due 3/1/05 — 10.50% .....	500,000.00	507,500
1,500,000	Union Electric Co. Due 3/1/16 — 9.37% .....	1,496,301.33	1,372,500
650,000	Utah Power & Light Co. Due 9/1/07 — 8.25% .....	580,106.16	548,437
29,000	Utah Power & Light Co. Due 12/1/12 — 13.00% .....	29,000.00	31,610
500,000	Virginia Electric & Power Co. Due 3/1/06 — 9.25% .....	500,000.00	468,750

# CORPORATE BONDS (Continued)

Par Value	Description	Book Value	Market Value
<b>INDUSTRIAL BONDS</b>			
390,000	Abbott Laboratories Due 10/15/99 — 9.20% .....	\$ 390,000.00	\$ 377,812
500,000	Aetna Life & Casualty Co. Due 10/15/07 — 8.12% .....	497,827.14	435,625
1,000,000	Aluminum Company Due 11/15/96 — 7.00% .....	633,116.51	838,750
1,000,000	American Gen. Corp. Due 2/1/18 — 9.62% .....	928,820.00	937,500
500,000	Amoco Co. Due 8/1/07 — 7.87% .....	498,379.99	430,625
1,500,000	Amoco Co. Due 12/15/16 — 8.62% .....	1,500,000.00	1,351,875
500,000	Anheuser-Busch Inc. Due 2/1/99 — 7.95% .....	500,000.00	457,500
500,000	Armco Inc. Due 9/1/01 — 8.50% .....	498,842.26	415,000
1,500,000	Baker International Corp. Due 3/15/02 — 6.00% .....	736,168.97	1,074,375
2,000,000	Becton Dickinson & Co. Due 6/1/16 — 9.25% .....	1,990,139.55	1,807,500
2,500,000	Berkley, WR Corp. Due 5/15/08 — 9.87% .....	2,418,750.00	2,409,375
1,500,000	Capital Cities Comm. Inc. Due 6/15/13 — 11.75% .....	1,492,692.02	1,621,875
2,500,000	Coca Cola Enterprises Inc. Due 4/1/17 — 8.75% .....	2,097,005.93	2,171,875
500,000	Continental Oil Company Due 11/1/99 — 9.12% .....	499,096.89	485,000
500,000	Dow Chemical Company Due 1/15/06 — 8.50% .....	500,000.00	443,750
500,000	Dow Chemical Company Due 7/15/07 — 7.87% .....	496,757.04	426,875
2,000,000	Du Pont E I De Nemours & Co. Due 12/1/01 — 6.00% .....	1,044,796.66	1,482,500
500,000	Du Pont E I De Nemours & Co. Due 11/15/04 — 8.45% .....	500,000.00	456,875
2,000,000	Eaton Corp. Due 1/15/17 — 8.50% .....	1,973,162.22	1,700,000
2,000,000	Emhart Corp. Due 8/15/16 — 9.25% .....	1,922,736.17	1,805,000
500,000	Firestone Tire & Rubber Co. Due 12/1/04 — 9.25% .....	513,700.71	500,000
2,000,000	General Dynamics Corp. Due 8/15/16 — 9.00% .....	1,926,746.31	1,787,500
1,500,000	General Foods Corporation Due 6/15/11 — 7.00% .....	795,204.27	1,102,500
250,000	Goodrich B F Company Due 11/15/94 — 8.25% .....	244,569.33	234,062
250,000	Goodyear Tire & Rubber Co. Due 9/15/97 — 7.35% .....	250,000.00	212,812
1,500,000	Harris Corporation Due 6/1/10 — 11.50% .....	1,476,695.40	1,593,750
1,000,000	Hercules, Inc. Due 1/15/17 — 8.50% .....	978,909.14	851,250
1,000,000	Honeywell Inc. Due 4/15/06 — 8.62% .....	992,809.89	888,750
500,000	Intl. Minerals & Chem. Corp. Due 11/1/00 — 9.35% .....	500,000.00	473,750
500,000	International Paper Company Due 12/15/00 — 8.85% .....	500,000.00	461,250
2,500,000	K Mart Corp Due 1/15/17 — 8.37% .....	2,001,321.39	2,125,000
300,000	K Mart Corp. Due 12/1/17 — 10.50% .....	3,000,000.00	3,045,000
2,000,000	Kerr McGee Corporation Due 11/1/11 — 7.00% .....	1,022,691.62	1,447,500
2,000,000	Kraft, Inc. Due 2/15/17 — 8.50% .....	1,980,152.92	1,760,000
2,500,000	Loews Corp. Due 3/15/16 — 9.00% .....	2,162,965.18	2,212,500
500,000	Marathon Oil Company Due 11/1/06 — 8.50% .....	497,854.67	437,500
500,000	Maxus Energy Corp. Due 4/1/08 — 8.50% .....	492,245.46	428,750
500,000	May Department Stores Due 7/15/02 — 7.95% .....	498,023.26	425,000
1,000,000	May Department Stores Due 12/1/16 — 9.12% .....	1,000,000.00	878,750
500,000	Monsanto Company Due 5/15/08 — 8.75% .....	497,223.14	445,625
1,000,000	Monsanto Company Due 11/15/15 — 11.37% .....	1,000,000.00	1,058,750
2,000,000	North American Philips Corp. Due 3/1/17 — 8.75% .....	1,987,591.64	1,722,500
500,000	Owens Illinois Incorporated Due 11/1/99 — 9.35% .....	500,000.00	453,125
500,000	Oxy Oil & Gas USA Inc. Due 10/1/00 — 9.75% .....	498,079.87	471,875
430,000	Penney, J C Co. Inc. Due 6/15/99 — 9.00% .....	430,000.00	411,187
500,000	Pennzoil Company Due 12/1/07 — 12.25% .....	495,484.29	537,500
2,000,000	Philip Morris Inc. Due 1/15/17 — 8.37% .....	1,962,789.18	1,660,000
500,000	Phillips Petroleum Co. Due 11/15/00 — 8.87% .....	500,000.00	453,750
200,000	Procter & Gamble Co. Due 5/15/02 — 7.00% .....	198,579.14	167,250
2,000,000	Procter & Gamble Co. Due 1/15/17 — 8.12% .....	1,972,724.71	1,712,500
2,000,000	RJR Nabisco Inc. Due 2/1/17 — 8.37% .....	1,947,896.18	1,652,500
1,500,000	Ryder Sys. Inc. Due 2/15/17 — 8.37% .....	1,455,339.86	1,263,750
1,500,000	Sara Lee Corp. Due 5/15/16 — 8.75% .....	1,500,000.00	1,344,375
300,000	Sears Roebuck & Co. Due 2/1/07 — 7.87% .....	299,231.08	254,250
1,500,000	Sears Roebuck & Co. Due 11/15/01 — 7.00% .....	835,839.18	1,218,750
464,000	Sohio Pipe Line Co. Due 5/1/01 — 8.75% .....	462,231.36	435,000
750,000	Stauffer Chemical Company Due 1/15/01 — 8.85% .....	737,919.26	710,625
200,000	Sun Co. Inc. Due 5/1/02 — 7.12% .....	198,571.64	165,000
2,000,000	Sundstrand Corp Due 5/1/16 — 9.37% .....	1,968,527.80	1,857,500
500,000	Tenn Gas Pipeline Co. Due 4/1/02 — 8.37% .....	499,019.57	441,250
500,000	Tenn Gas Pipeline Co. Due 4/15/03 — 8.87% .....	498,972.01	453,125
250,000	Texaco Incorporated Due 4/1/06 — 8.50% .....	248,410.82	206,250
500,000	Texasgulf Incorporated Due 12/15/00 — 9.37% .....	500,000.00	474,580
1,500,000	Time, Inc. Due 4/1/17 — 8.75% .....	1,380,758.59	1,297,500
2,500,000	Toys R US Inc. Due 2/1/17 — 8.25% .....	2,011,074.49	2,131,250
2,500,000	USG Corp. Due 3/1/17 — 8.75% .....	2,216,245.95	1,871,875
500,000	Union Oil Co. of California Due 3/1/06 — 8.62% .....	496,812.25	435,625
500,000	United Technologies Corp. Due 1/15/04 — 9.37% .....	498,929.78	479,375

## CORPORATE BONDS (Continued)

Par Value	Description	Book Value	Market Value
1,500,000	United Technologies Corp. Due 12/15/16 — 8.87% .....	\$ 1,472,176.39	\$ 1,342,500
2,000,000	Wal Mart Stores Inc. Due 8/15/00 — 10.87% .....	2,000,000.00	2,140,000
2,000,000	Walgreen Co. Due 7/1/16 — 9.50% .....	1,995,049.42	1,845,000
500,000	Weyerhaeuser Co. Due 11/15/04 — 8.90% .....	500,000.00	473,125
1,000,000	Weyerhaeuser Co. Due 2/15/07 — 8.37% .....	996,326.73	873,750
500,000	Xerox Corporation Due 11/1/99 — 8.62% .....	499,112.42	471,250
<b>TRANSPORTATION BONDS</b>			
2,000,000	Burlington Northern, Inc. Due 8/15/15 — 11.62% .....	\$ 1,998,022.72	\$ 2,105,000
500,000	General American Transn Corp. Due 6/1/97 — 8.15% .....	500,000.00	456,875
500,000	Southern Pacific Transn Co. Due 12/1/01 — 8.20% .....	500,000.00	430,625
500,000	Southern RY Co. Due 10/15/01 — 8.50% .....	499,031.41	447,500
500,000	Union Pacific Corp. Due 3/1/01 — 8.40% .....	500,000.00	455,000
445,000	Union Tank Car Co. Equip. Due 1/15/94 — 8.20% .....	445,000.00	428,868
<b>FINANCE BONDS</b>			
1,000,000	American Southwest Finl. Corp. Due 3/1/18 — 8.90% .....	879,062.50	893,750
500,000	Bankamerica Corp. Due 12/1/03 — 7.87% .....	496,696.58	385,000
500,000	Bankamerica Corp. Due 5/1/01 — 8.75% .....	496,182.53	422,500
500,000	Bankers Trust N Y Corp. Ser. Due 11/1/02 — 8.62% .....	498,994.69	443,750
300,000	Beneficial Corporation Due 5/15/98 — 7.50% .....	300,464.26	252,750
500,000	Beneficial Corporation Due 6/1/03 — 8.30% .....	500,000.00	416,875
500,000	C I T Financial Corporation Due 4/1/01 — 8.37% .....	497,169.62	426,250
500,000	C I T Financial Corporation Due 3/15/08 — 8.75% .....	500,000.00	424,375
1,750,000	Capital Hldg. Corp. Due 1/15/17 — 8.75% .....	1,750,000.00	1,485,312
750,000	Chemical N Y Corporation Due 8/1/02 — 8.25% .....	731,013.58	630,000
1,500,000	Citicorp Due 2/1/17 — 8.50% .....	1,451,605.55	1,239,375
500,000	Citicorp Notes Due 3/15/07 — 8.45% .....	498,571.86	434,375
4,000,000	Community Prog. Ln. Tr. Due 10/1/18 — 4.50% .....	2,069,360.00	2,200,000
750,000	Crocker National Corporation Due 12/1/02 — 8.60% .....	737,052.86	669,375
300,000	First City Bancorp. of Texas Due 3/1/98 — 7.62% .....	299,533.00	210,000
500,000	First Republicbank Corp. Due 7/1/01 — 9.37% .....	499,012.09	160,000
500,000	Ford Motor Cr. Co. Due 11/1/01 — 8.37% .....	496,137.00	453,750
2,500,000	General Electric Cr. Corp. Due 11/1/01 — 5.50% .....	1,079,439.02	1,796,875
300,000	General Motors Accep. Corp. Due 11/1/98 — 7.85% .....	300,000.00	264,000
500,000	General Motors Accep. Corp. Due 2/1/00 — 8.75% .....	498,150.32	470,000
1,500,000	General Motors Accep. Corp. Due 12/15/01 — 5.50% .....	675,343.64	1,050,000
300,000	Household Finance Corp. Due 8/1/95 — 7.50% .....	300,000.00	267,750
500,000	Household Finance Corp. Due 7/1/00 — 9.00% .....	498,109.14	465,625
500,000	ITT Finl. Corp. Due 12/1/02 — 8.50% .....	497,493.49	453,750
2,000,000	Intl. Bk. for Reconstr. & Dev. Due 2/15/17 — 8.40% .....	1,801,912.27	1,725,000
1,000,000	Irving Bank Corporation Due 11/15/07 — 12.37% .....	992,861.90	1,075,000
500,000	Manufacturers Hanover Corp. Due 8/15/07 — 8.12% .....	497,283.40	392,500
300,000	Mercantile Bancorp. Inc. Due 1/15/04 — 8.50% .....	300,000.00	253,125
300,000	Northwest Bancorporation Due 3/15/03 — 7.75% .....	300,000.00	250,125
2,000,000	Service Corp. Intl. Due 1/6/03 — 10.15% .....	2,000,000.00	2,020,000
500,000	Transamerica Finl. Corp. Due 3/1/99 — 9.87% .....	498,564.35	489,375
1,500,000	Valley National Corp. Due 3/1/16 — 9.87% .....	1,496,296.60	1,413,750
355,000	Wells Fargo & Co. Due 4/1/02 — 8.60% .....	355,000.00	317,725
2,500,000	Westam Mtg. Finl. Corp. Due 6/1/18 — 9.23% .....	2,261,718.75	2,291,400
<b>OTHER CORPORATE BONDS</b>			
2,000,000	Firemans Fund Corp. Due 10/15/16 — 9.62% .....	1,981,575.18	1,882,500
2,000,000	Torchmark Corp. Due 3/1/17 — 8.62% .....	1,994,640.41	1,695,000
<b>TOTAL CORPORATE BONDS</b> .....		<b>\$ 133,942,705.22</b>	<b>\$ 129,715,933</b>

## PRIVATELY PLACED CORPORATE BONDS 6/30/88

	Book Value	Market Value*
<b>PUBLIC UTILITY BONDS</b>		
AT & T Technologies, Inc. Due 6/1/03 — 7.50% .....	\$ 240,000.00	\$ 240,000
Arizona Public Service Due 5/15/00 — 12.87% .....	450,000.00	450,000
Colonial Pipeline Co. Due 6/1/02 — 9.95% .....	539,000.00	539,000
Commonwealth Edison Co. Due 4/1/99 — 10.00% .....	550,000.00	550,000
General Tel. Co. Northwest Inc. Due 6/1/99 — 7.12% .....	100,000.00	100,000
St. Louis County Water Co. Due 6/1/97 — 6.25% .....	100,000.00	100,000
Southern California Edison Co. Due 6/15/04 — 9.95% .....	562,000.00	562,000
United Telephone Co. Missouri Due 5/1/97 — 5.62% .....	79,000.00	79,000
Vel Equip Incorporated Due 9/1/91 — 8.62% .....	102,781.51	102,781



## PRIVATELY PLACED CORPORATE BONDS 6/30/88 (Continued)

	Book Value	Market Value*
<b>INDUSTRIAL BONDS</b>		
Alltank Equip. Corp. Due 8/1/92 — 7.90%	74,657.94	74,657
Ameripol Inc. Due 11/15/92 — 6.50%	35,000.00	35,000
Androck Properties Inc. Due 1/31/97 — 8.00%	105,948.94	105,948
Ashref Inc. Due 7/15/01 — 9.75%	199,848.40	199,848
Beacon of Del Inc. Due 2/1/00 — 6.75%	58,396.54	58,396
Engledale Inc. Due 2/15/99 — 5.75%	55,167.23	55,167
575 Market Street Bldg. Corp. Due 7/1/08 — 7.60%	194,000.00	194,000
Flying Cloud Properties Inc. Due 9/1/94 — 7.75%	140,183.64	140,183
Fourth Swansea Properties Inc. Due 2/1/93 — 6.37%	29,531.79	29,531
Gemstone Corporation Due 3/1/89 — 6.85%	3,200.00	3,200
Gemstone Corporation Due 9/1/94 — 7.50%	32,400.00	32,400
Gromarco Incorporated Due 1/1/93 — 5.75%	8,000.00	8,000
NAB Properties Inc. Due 9/1/03 — 7.50%	291,890.68	291,890
Norton Simon Inc. Due 6/1/04 — 9.87%	571,500.00	571,500
Pipco Corp. Due 6/3/00 — 6.75%	68,168.40	68,168
S T Corp. Mtg. Bonds Due 5/1/94 — 8.37%	240,536.80	240,536
Salt Grass Power Inc. Due 1/1/98 — 8.50%	184,278.97	184,278
Synchro Realty Inc. Due 9/30/00 — 9.75%	65,674.84	65,674
Texaco Incorporated Due 6/1/03 — 7.65%	436,000.00	436,000
Third Bromfield Pptys. Inc. Due 10/1/88 — 6.25%	16,806.01	16,806
<b>TRANSPORTATION BONDS</b>		
General Amern. Transn. Corp. Due 3/1/94 — 8.50%	87,000.00	87,000
Missouri Pacific RR Co. Due 3/1/94 — 9.00%	199,189.94	199,189
<b>FINANCE BONDS</b>		
American Invnt. Co. Due 4/1/94 — 7.87%	106,000.00	106,000
Geico Properties Inc. Due 6/15/04 — 8.25%	399,069.73	399,069
NCNB Properties Inc. Due 12/1/93 — 6.75%	50,218.18	50,218
PHL Funding I Inc. Due 7/20/16 — 9.25%	442,112.08	442,112
<b>TOTAL CORPORATE BONDS</b>	<b>\$ 6,817,561.62*</b>	<b>\$ 6,817,561*</b>

\*No market quotations available

## GOVERNMENT NATIONAL MORTGAGE ASSOCIATION LOANS 6/30/88

Par Value	Description	Book Value	Market Value
\$ 1,976,345.54	GNMA Pool #233507 Due 10/15/17 — 9.50%	\$ 1,927,554.50	\$ 1,931,877
352,659.58	GNMA Pool #105422 Due 10/15/13 — 12.50%	349,794.22	391,452
452,481.90	GNMA Pool #105423 Due 10/15/13 — 12.50%	450,078.09	502,254
108,953.74	GNMA Pool #106071 Due 11/15/13 — 12.50%	108,068.49	120,938
707,023.86	GNMA Pool #107993 Due 9/15/13 — 11.50%	649,578.21	763,804
3,886,930.66	GNMA Pool #192779 Due 12/15/16 — 9.00%	3,756,961.42	3,687,725
1,976,399.66	GNMA Pool #227515 Due 9/15/17 — 9.50%	1,915,872.43	1,931,930
3,959,882.96	GNMA Pool #230832 Due 8/15/17 — 9.50%	3,942,558.47	3,870,785
263,118.63	GNMA Pool #36788 Due 3/15/10 — 11.00%	250,784.94	274,824
257,984.84	GNMA Pool #37905 Due 7/15/10 — 11.00%	256,694.89	273,383
413,795.33	GNMA Pool #37915 Due 2/15/10 — 11.00%	348,105.27	438,494
306,463.38	GNMA Pool #38221 Due 2/15/10 — 11.00%	284,244.76	324,756
359,481.36	GNMA Pool #38825 Due 2/15/10 — 11.00%	305,109.83	380,938
182,820.48	GNMA Pool #39144 Due 4/15/10 — 12.50%	167,509.28	202,930
460,360.42	GNMA Pool #39307 Due 2/15/10 — 11.00%	439,662.34	487,839
223,742.55	GNMA Pool #39310 Due 3/15/10 — 11.00%	213,953.85	237,097
327,166.42	GNMA Pool #39313 Due 3/15/10 — 11.50%	313,507.24	353,441
619,423.29	GNMA Pool #41399 Due 8/15/10 — 11.00%	595,033.50	656,396
389,591.33	GNMA Pool #41785 Due 3/15/10 — 11.00%	360,858.97	412,846
658,963.10	GNMA Pool #42033 Due 9/15/10 — 11.00%	610,364.55	698,296
610,671.09	GNMA Pool #42079 Due 8/15/10 — 11.00%	591,661.48	647,122
307,689.94	GNMA Pool #42692 Due 9/15/10 — 11.00%	307,305.31	326,055
179,519.47	GNMA Pool #42994 Due 10/15/10 — 11.50%	163,811.55	193,936
211,426.84	GNMA Pool #42996 Due 11/15/10 — 12.50%	200,591.23	234,683
381,874.46	GNMA Pool #43602 Due 11/15/10 — 12.50%	359,200.65	423,880
169,696.98	GNMA Pool #43604 Due 12/15/10 — 12.50%	158,030.34	188,363
408,191.66	GNMA Pool #44106 Due 10/15/10 — 11.50%	353,596.02	440,973
289,562.51	GNMA Pool #44881 Due 11/15/10 — 12.50%	279,065.86	321,414
333,690.78	GNMA Pool #45717 Due 11/15/10 — 11.50%	306,995.52	360,489
472,737.17	GNMA Pool #107323 Due 12/15/14 — 12.50%	467,123.43	524,738

# GOVERNMENT NATIONAL MORTGAGE ASSOCIATION LOANS 6/30/88 (Continued)

Par Value	Description	Book Value	Market Value
1,797,017.15	GNMA Pool #113171 Due 1/15/14 — 12.00%	1,770,061.86	1,954,256
1,117,225.55	GNMA Pool #121668 Due 3/15/15 — 12.00%	1,096,975.82	1,214,982
783,330.73	GNMA Pool #121669 Due 2/15/15 — 12.00%	769,622.45	851,872
2,517,776.33	GNMA Pool #125277 Due 10/15/15 — 11.00%	2,478,436.09	2,668,062
1,158,198.00	GNMA Pool #130721 Due 8/15/15 — 11.00%	1,137,205.65	1,227,330
1,260,560.14	GNMA Pool #130722 Due 8/15/15 — 11.00%	1,231,409.69	1,335,802
1,990,092.84	GNMA Pool #133372 Due 11/15/15 — 11.00%	1,970,191.88	2,108,881
2,658,100.70	GNMA Pool #138000 Due 10/15/15 — 11.00%	2,581,680.34	2,816,762
2,364,231.70	GNMA Pool #146857 Due 5/15/16 — 9.00%	2,343,544.68	2,243,064
3,334,173.68	GNMA Pool #156173 Due 8/15/16 — 9.00%	3,321,670.53	3,163,297
2,329,265.44	GNMA Pool #160495 Due 6/15/16 — 9.00%	2,311,795.97	2,209,890
3,258,492.30	GNMA Pool #160496 Due 5/15/16 — 9.00%	3,246,272.93	3,091,494
1,916,600.42	GNMA Pool #162837 Due 6/15/16 — 9.00%	1,837,540.63	1,818,374
2,896,278.75	GNMA Pool #162838 Due 7/15/16 — 9.00%	2,837,448.09	2,747,844
3,848,184.13	GNMA Pool #181652 Due 10/15/16 — 9.00%	3,749,574.41	3,650,964
1,986,062.98	GNMA Pool #225638 Due 9/15/17 — 9.50%	1,937,652.70	1,941,376
474,314.54	GNMA Pool #0093MSF Due 3/20/14 — 12.00%	447,782.57	515,817
581,947.20	GNMA Pool #0109MSF Due 4/20/14 — 12.00%	512,507.31	632,867
<b>TOTAL GNMA</b>		<b>\$ 56,015,050.24</b>	<b>\$ 57,800,618</b>

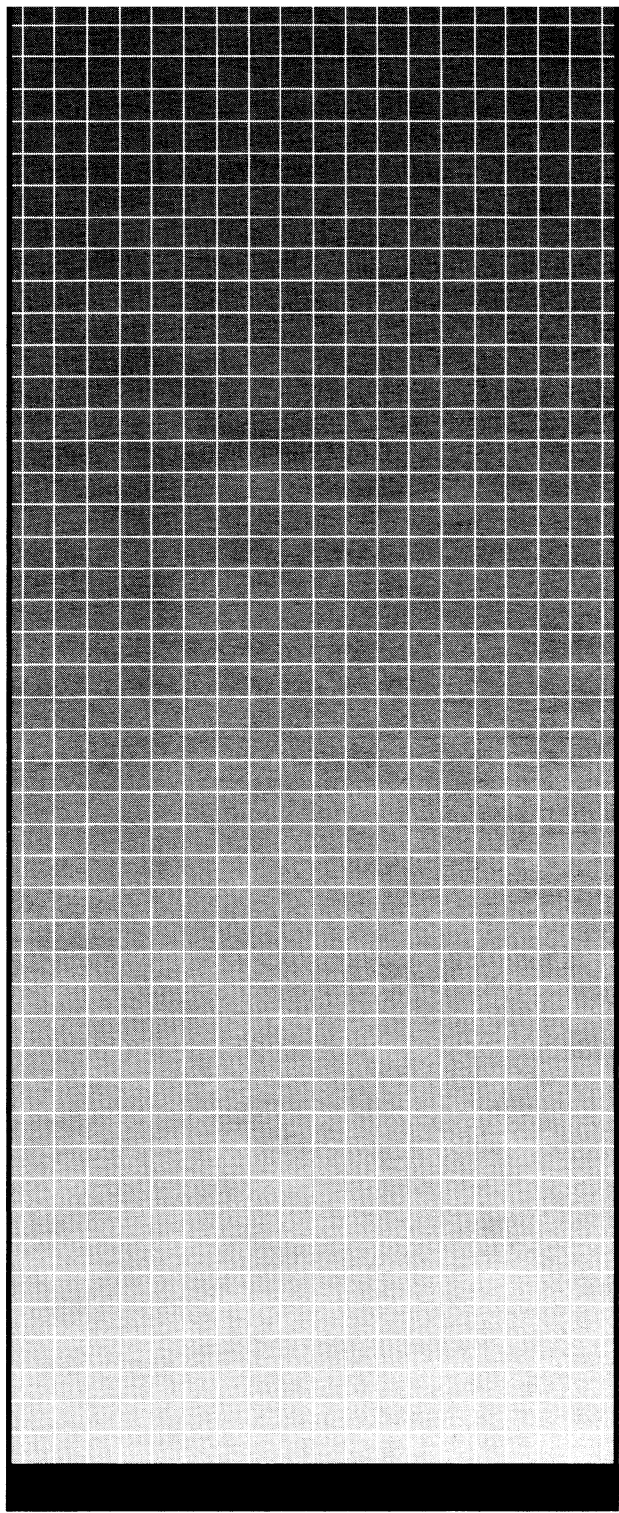
## COMMON STOCK 6/30/88

	No. of Shares	Description	Book Value	Market Value
<b>BASIC MATERIALS</b>				
Chemicals	13,000	American Cyanamid Co. ....	\$ 530,750.00	\$ 700,375
	7,800	Dow Chem. Co. ....	96,766.19	708,825
	2,000	Du Pont E I De Nemours & Co. ....	220,100.00	185,750
	18,000	Grace, W R & Co. ....	368,533.00	479,250
	6,500	Hercules Inc. ....	238,590.00	307,937
Metals And Mining	200	Cyprus Minerals Co. ....	2,242.93	6,225
Paper	5,400	Fort Howard Corp. ....	229,507.50	293,625
	16,000	Scott Paper Co. ....	488,072.50	644,000
<b>CAPITAL GOODS/CONSTRUCTION</b>				
Aerospace/Defense	9,000	Raytheon Co. ....	464,267.50	594,000
Building	28,000	Masco Corp. ....	462,683.75	826,000
Electrical Equipment	21,000	Emerson Electric Co. ....	325,377.30	679,875
	18,000	General Electric Co. ....	504,987.50	789,750
	2,080	Imo Delaval Inc. ....	9,276.44	43,680
Environmental Control	44,000	Browning Ferris Inds. ....	248,220.49	1,100,000
Forest Products	9,866	Boise Cascade Corp. ....	337,684.55	458,769
	9,125	Georgia Pacific Corp. ....	242,190.54	382,109
Machinery	10,000	Cooper Inds. Inc. ....	441,162.50	586,250
	12,500	General Signal Corp. ....	515,024.00	695,312
<b>CONSUMER CYCLICAL</b>				
Appliances & Household Furnishings	25,000	Armstrong World Inds. Inc. ....	479,612.50	928,125
	15,000	Whirlpool Corp. ....	397,310.00	431,250
Autos and Trucks	12,000	General Motors Corp. ....	637,391.19	961,500
	1,000	General Motors Corp. CL E ....	13,289.10	37,875
	1,100	General Motors Corp CL H ....	15,742.21	33,275
Auto Related	16,300	Goodyear Tire & Rubber Co. ....	581,996.20	1,053,387
	4,500	Masco Inds. Inc. ....	7,031.25	60,750
Leisure Related	23,952	Brunswick Corp. ....	114,436.38	514,968
	3,300	Capital Cities ABC Inc. ....	468,283.00	1,048,575
	303	Columbia Pictures Entmt Inc. ....	2,253.56	2,802
	10,000	Leisure & Technology Corp. ....	141,122.00	46,250
Photographic Products/Optical	9,300	Eastman Kodak Company ....	369,712.50	420,825
Printing/Pub./Advert.	17,500	American Greetings Corp. CL A ....	609,387.50	365,312
	18,000	McGraw-Hill Inc. ....	286,679.16	1,039,500
Retailing	12,000	Edison Bros. Stores Inc. ....	115,162.13	319,500
	3,000	Handyman Corp. — In Liquidation ....	.00	375
	15,000	K Mart Corp. ....	420,800.00	526,875
	23,500	May Dept. Stores Co. ....	248,270.00	796,062
	10,000	Payless Cashways Inc. ....	239,527.50	265,000
	6,000	Penney, J C Co. Inc. ....	146,399.70	291,750
	10,000	Standard Brands Paint Co. ....	197,625.00	137,500
	34,000	Wal-Mart Stores Inc. ....	325,205.00	1,041,250
Textiles and Apparel	9,000	Brown Group Inc. ....	112,712.05	283,500
	15,000	Interco Inc. ....	312,364.50	671,250

# COMMON STOCK 6/30/88 (Continued)

	No. of Shares	Description	Book Value	Market Value
<b>CONSUMER STAPLE</b>				
Beverage	55,000	Anheuser-Busch Cos. Inc. ....	397,115.00	1,753,125
	3,300	Coca Cola Co. ....	139,727.50	128,700
Cosmetics & Household	2,000	Avon Products Inc. Capital ....	132,500.00	48,000
	28,000	Gillette Company ....	386,446.90	1,127,000
Drugs and Medical	4,000	American Home Products Corp. ....	154,100.00	295,500
	25,800	Merck & Co. Inc. ....	193,579.06	1,451,250
Food	26,250	Borden, Inc. ....	400,526.17	1,338,750
	21,000	Ralston Purina Co. ....	224,450.00	1,601,250
Hospital Supp. and Serv.	18,000	Abbott Labs ....	489,015.00	810,000
	10,500	American Medical Intl. Inc. ....	247,872.50	187,687
	20,000	Baxter Travenol Labs Inc. ....	187,062.50	407,500
	8,000	Hospital Corp. of America ....	315,732.50	299,000
	10,000	Johnson & Johnson ....	334,512.50	793,750
Tobacco	22,500	RJR Nabisco Inc. ....	330,256.46	1,077,187
<b>ENERGY</b>				
Coal and Gas	9,100	Enserch Corp. ....	218,669.99	170,625
	2,040	Pittston Co. ....	71,420.00	29,580
Petroleum — Domestic	8,000	Amoco Corp. ....	528,844.57	582,000
	10,700	Atlantic Richfield Co. ....	347,210.00	861,350
	11,000	Occidental Pete Corp. ....	338,610.00	291,500
Petroleum — Intl.	30,000	Exxon Corp. ....	344,418.83	1,361,250
	11,000	Mobil Corp. ....	264,082.50	478,500
Petroleum Services	10,500	Dresser Inds. Inc. ....	361,507.50	305,812
	9,500	Halliburton Co. ....	394,655.00	279,062
<b>FINANCIAL</b>				
Banks	5,050	Banc One Corp. ....	123,075.00	138,875
	3,200	First Wachovia Corp. ....	120,360.00	126,400
	10,500	Valley National Corp. ....	289,250.00	313,687
Financial Services	23,998	American Express Co. ....	255,827.80	659,945
	12,000	Federal Natl. Mortgage Assn. ....	281,025.00	522,000
	11,000	Household Intl. Inc. ....	423,885.40	644,875
	12,400	Transamerica Corp. ....	285,216.16	420,050
Insurance	10,700	Aetna Life & Casualty Co. ....	517,727.50	482,837
	4,000	Cigna Corp. ....	167,010.00	187,500
<b>TECHNOLOGY</b>				
Electronics	6,000	Amp Inc. ....	287,712.50	309,750
	7,000	Gould Inc. ....	185,730.00	116,375
	19,500	Motorola Inc. ....	465,767.50	1,055,437
	11,000	Tektronix Inc. ....	290,544.50	280,500
Office Equipment	5,000	Apple Computer Inc. ....	217,600.00	231,250
	2,400	Automatic Data Processing Inc. ....	108,445.00	97,200
	3,500	Digital Equip. Corp. ....	427,650.00	402,062
	9,000	Intl. Business Machs. Corp. Cap. ....	733,951.68	1,146,375
	18,000	Unisys Corp. ....	560,031.35	643,500
	5,400	Xerox Corp. ....	436,303.42	297,000
Telecommunications	10,000	Harris Corp. ....	406,010.00	295,000
<b>TRANSPORTATION</b>				
Railroads	8,000	Union Pac. Corp. ....	305,747.50	519,000
<b>UTILITIES</b>				
Utilities-Electric	17,400	American Elec. Pwr. Co. Inc. ....	500,023.77	502,425
	10,000	Central & South West Corp. ....	299,475.00	317,500
	11,166	Dominion Res. Inc. VA ....	430,632.63	482,929
	13,000	FPL Group Inc. ....	425,400.00	396,500
	3,000	Houston Inds. Inc. ....	87,529.65	93,000
	10,000	Southern Calif. Edison Co. ....	137,625.00	327,500
	12,500	Southern Co. ....	289,301.80	289,062
	14,000	Union Elec. Co. ....	372,050.00	325,500
	16,000	Wisconsin Energy Corp. ....	413,050.00	424,000
Utilities-Gas	240	Enserch Expl. Partners Ltd. Ord. ....	3,430.01	2,430
Utilities-Telephone	4,500	GTE Corp. ....	105,476.90	176,062
<b>MISCELLANEOUS</b>				
Diversified	6,000	ITT Corp. ....	295,248.50	309,750
	15,800	Minnesota Mining & Mfg. Co. ....	590,414.50	1,042,800
	27,198	National Service Inds. Inc. ....	186,573.98	625,554
<b>TOTAL COMMON STOCK</b>			<b>\$ 29,795,165.65</b>	<b>\$ 50,642,205</b>





*Actuarial  
Data*





W. ALFRED HAYES AND COMPANY

6828 OAKLAND AVENUE  
ST. LOUIS, MISSOURI 63139

314/647-4777

February, 1989

Board of Trustees  
Non-Teacher School Employee  
Retirement System of Missouri  
Post Office Box 268  
Jefferson City, Missouri 65102

Gentlemen:

An actuarial valuation of the System has been performed as of June 30, 1988. The results of this valuation are summarized in the attached report. The employee data used has been supplied by the System, and asset information was obtained from the auditors' report.

As a result of this valuation, we recommend a continuation of the 4% contribution rate for Members and Employers. I will review this in detail with the Board at the February meeting.

Respectfully submitted,

  
Kenneth J. Sliment, F.S.A.

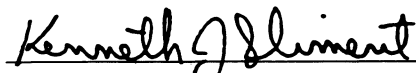
# RESULTS OF THE ACTUARIAL VALUATION

The essential results of the June 30, 1988 actuarial valuation are summarized below:

(1) Present Value of Future Benefits For:		
(a) Active Members	\$481,016,000	
(b) Retired Members	84,637,000	
(c) Inactive Members	3,773,000	
(d) Other Liabilities	<u>2,313,000</u>	
(e) Total		\$571,739,000
(2) Present Value of Future Normal Costs		217,448,000
(3) Actuarial Accrued Liability: (1)-(2)		354,291,000
(4) Actuarial Assets of the System		302,620,000
(5) Unfunded Actuarial Accrued Liability: (3)-(4)		51,671,000

With a fixed benefit level and a defined contribution rate, the amortization period for the Unfunded Actuarial Accrued Liability becomes the key item. The procedure has been adopted whereby the funding of the entire System (Normal Cost as well as Unfunded Actuarial Accrued Liability) is accomplished as a level percentage of an expanding payroll (i.e., with increasing dollar contributions). The following development illustrates how this is done based on a 4% contribution rate:

(6) Total Contribution Rate, Member + District	8.00%
(7) Normal Cost Rate	6.91
(8) Rate Available for Unfunded Actuarial Accrued Liability: (6) - 1.04 x (7)	.81
(9) Number of Years required to Amortize Unfunded Actuarial Accrued Liability if Compensation Increases:	
5.6% Per Year	29
6.0% Per Year	27



Kenneth J. Sliment, F.S.A.

# Actuarial Balance Sheet

June 30, 1988

## ASSETS

Present Actuarial Assets .....		\$	302,619,787
Present Value of Future Contributions For:			
Normal Costs .....	\$	217,448,000	
Unfunded Actuarial Accrued Liability .....		51,671,485	
			\$ 269,119,485
Total Present and Potential Assets .....			\$ 571,739,272

## LIABILITIES

### Present Value of Future Benefit Payments:

#### Actives:

Service Retirement .....	\$	397,572,616	
Disability Retirement .....		3,889,910	
Withdrawal Benefits .....		62,972,200	
Refunds on Death .....		16,580,850	
Inactives .....		3,773,320	
			\$ 484,788,896

### Present Value of Benefits Now Payable to:

Service Retirants .....	\$	82,049,001	
Disability Retirants .....		1,028,460	
Survivor .....		1,559,800	
			\$ 84,637,261

Investment Contingency Reserve .....		\$ 2,313,115
Total Present and Potential Liabilities .....		\$ 571,739,272

## HISTORICAL TREND INFORMATION

JUNE 30, 1988  
(Dollars in Thousands)

<u>Valuation Date</u>	<u>Net Assets Available For Benefits</u>	<u>Pension Benefit Obligation</u>	<u>Percent Funded</u>	<u>Unfunded Pension Benefit Obligation</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Pension Benefit Obligation as a Percent of Covered Payroll</u>
June 30, 1987	\$259,036	\$282,285	91.8%	\$23,249	\$268,173	8.7%
June 30, 1988	\$300,006	\$322,986	92.9%	\$22,980	\$304,029	7.6%

Analysis of the dollar amounts of net assets available for benefits, pension benefit obligation, and unfunded pension benefit obligation in isolation can be misleading. Expressing the net assets available for benefits as a percentage of the pension benefit obligation provides an indication of the System's funded status on a going-concern basis. Analysis of this percentage over time indicates whether the System is becoming financially stronger or weaker. Generally, the greater this percentage, the stronger the system. Trends in unfunded pension benefit obligation and annual covered payroll are both affected by inflation. Expressing the unfunded pension benefit obligation as a percentage of annual covered payroll approximately adjusts for the effects of inflation and aids analysis of the System's progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage, the stronger the system.

### Revenues by Source (Dollars in Thousands)

<u>Valuation Date</u>	<u>Employee Contribution</u>	<u>Employer Contribution</u>	<u>Investment Income</u>	<u>Realized Gains on Sales</u>	<u>Total</u>	<u>Employer Contributions as a Percent of Covered Payroll</u>
June 30, 1987	\$10,993	\$10,993	\$23,203	\$1,518	\$46,707	4.1%
June 30, 1988	\$11,963	\$11,963	\$25,894	\$ 512	\$50,332	3.9%

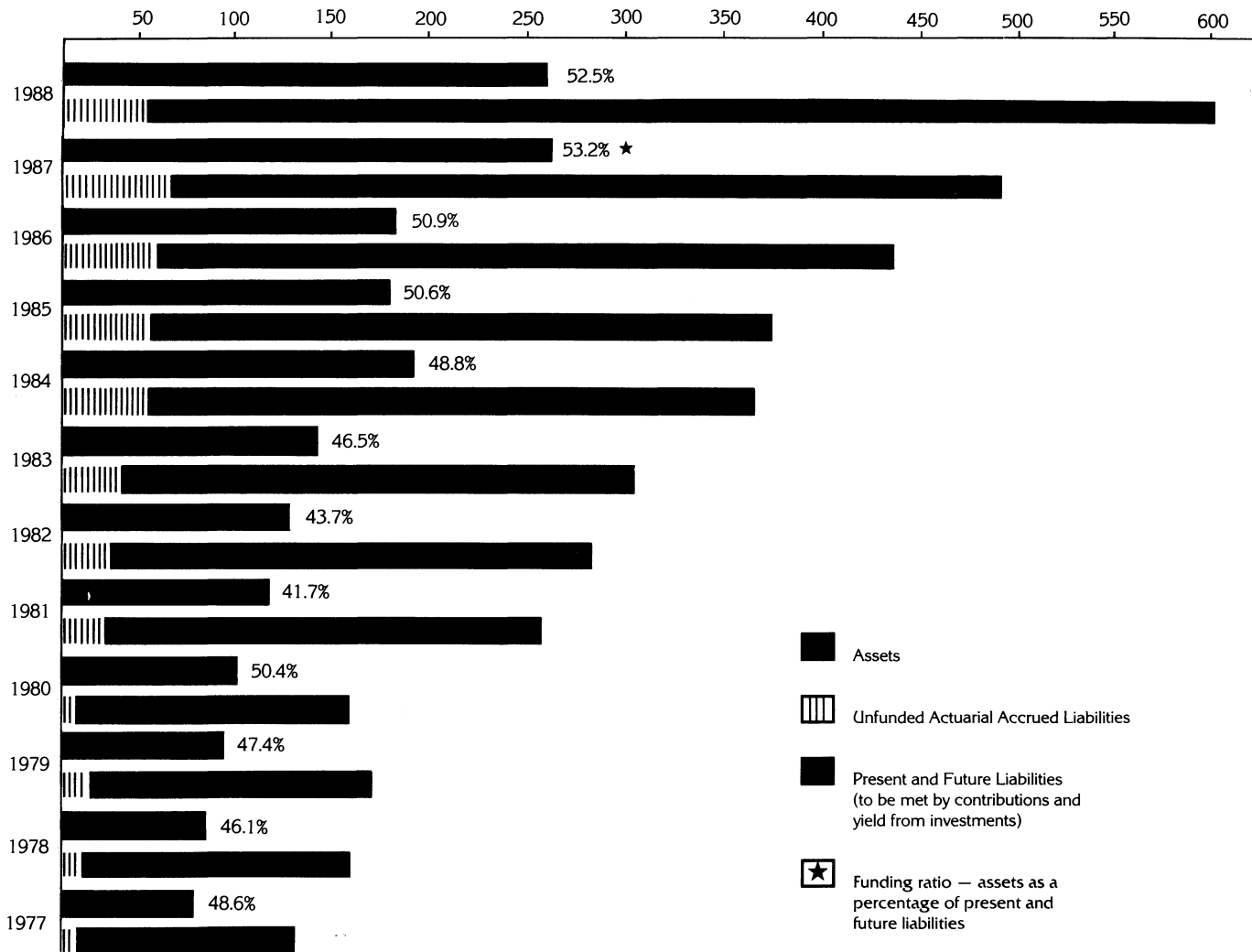
### Expenses by Type (Dollars in Thousands)

<u>Valuation Date</u>	<u>Benefits and Refunds Paid</u>	<u>Administrative Expenses</u>	<u>Total</u>
June 30, 1987	\$ 9,641	\$500	\$10,141
June 30, 1988	\$10,886	\$538	\$11,424

Trend information prior to June 30, 1987 is currently not available.

## Present Assets and Actuarial Liabilities

Millions of Dollars



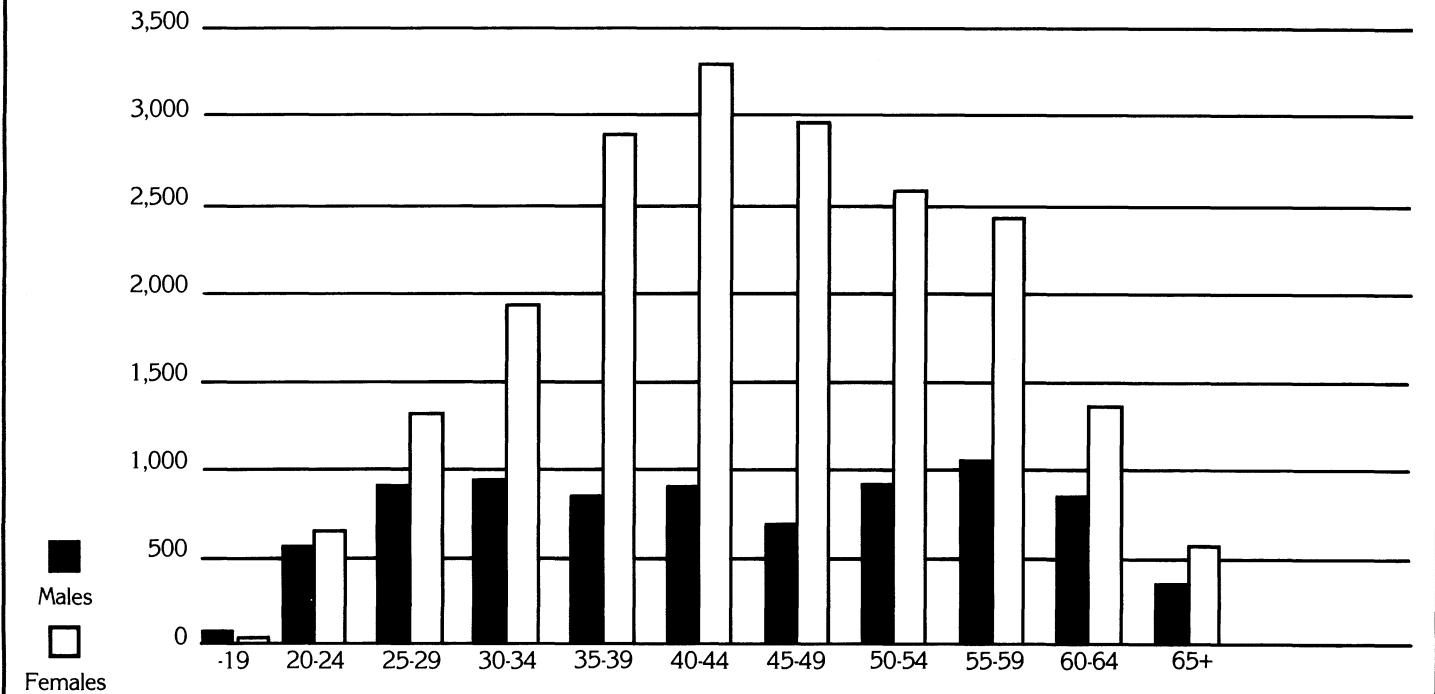
## Summary of Changes in Membership During 1987-88

	Male	Female	Total
Active-Inactive Members 7/1/87 .....	7,572	19,272	26,844
New Membership 7/1/87 to 6/30/88 .....	1,365	2,978	4,343
Total Membership before Decreases .....	8,937	22,250	31,187
Decreases:			
Service Retirements .....	172	281	453
Disability Retirements .....	11	14	25
Withdrawals .....	873	1,762	2,635
Deaths .....	21	24	45
Terminations Not Processed .....	68	102	170
Previous Terminations Processed .....	( 60)	( 90)	(150)
Subtotal .....	1,085	2,093	3,178
Net Membership 6/30/88 .....	7,852	20,157	28,009
(includes "Inactive Members")			

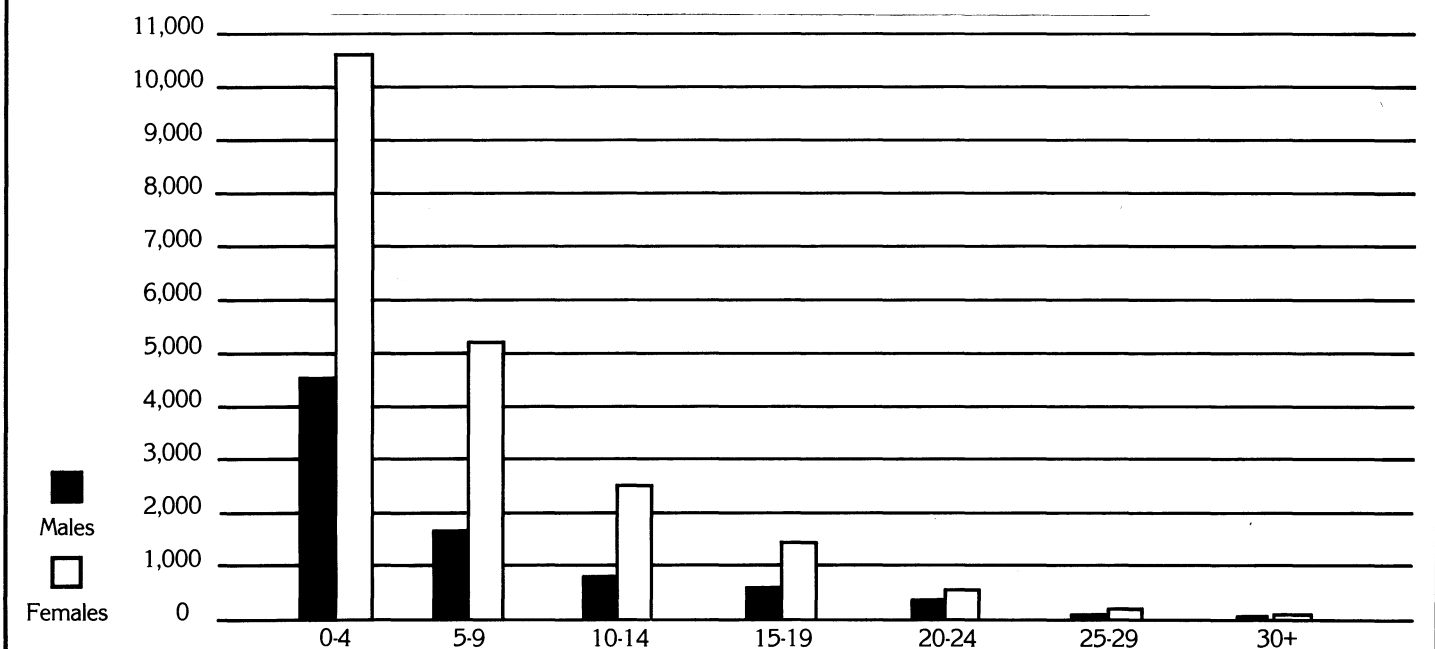
# ACTIVE MEMBERSHIP

June 30, 1988

## Distribution of Members by Age



## Distribution of Members By Years of Service\*



\*In computing years of service, a year of prior service credit counts as one-half year.

## SERVICE RETIREMENTS

### NEW SERVICE RETIREMENT BENEFITS 1987-88

Years of Creditable Service	Number Retiring			Final Average Salary	Average Benefit
	Males	Females	Total		
5-9	53	71	124	\$ 945.99	\$ 86.08
10-14	64	71	135	1,073.39	160.28
15-19	26	82	108	1,040.01	217.44
20-24	12	41	53	1,146.32	296.01
25-29	11	12	23	1,418.99	396.90
30+	6	4	10	1,579.92	559.50
TOTALS	172	281	453	\$1,067.74	\$196.37

### CHANGES IN RETIRED MEMBERSHIP DURING 1987-88

	Service Retirements			Disability Retirements		
	Male	Female	Total	Male	Female	Total
Retired Members, 7/1/87	2,597	4,412	7,009	57	67	124
Retired During Year	172	281	453	11	14	25
Died During Year	136	111	247	4	3	7
Resumed Working During Year	9	6	15	0	1	1
Retired After Resuming Work	8	6	14	0	0	0
Retired Members 6/30/88	2,632	4,582	7,214	64	77	141

### SERVICE RETIREMENT BENEFIT HISTORY

Year Ending June 30	New Service Retirants	Average New Benefit	% Increase From Previous Year
1967	334	\$ 7.20	—
1968	220	\$ 8.05	12
1969	226	\$ 8.15	1
1970	298	\$ 16.18	99
1971	324	\$ 18.60	15
1972	363	\$ 20.48	10
1973	414	\$ 22.69	11
1974	443	\$ 28.30	25
1975	446	\$ 31.71	12
1976	431	\$ 35.24	11
1977	419	\$ 41.64	18
1978	549	\$ 52.66	26
1979	436	\$ 61.94	18
1980	445	\$ 65.86	6
1981	427	\$ 77.77	18
1982	552	\$ 87.44	12
1983	552	\$101.40	16
1984	441	\$115.00	13
1985	561	\$128.14	11
1986	617	\$149.01	16
1987	634	\$180.48	21
1988	453	\$196.37	9



